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C O N F I D E N T I A L JERUSALEM 000818

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NEA FOR FRONT OFFICE; NSC FOR ABRAMS/DORAN/MUSTAFA

E.O. 12958: DECL: 02/27/2016

TAGS: [ASEC](#) [KPAL](#) [IS](#)

SUBJECT: PLC INDEPENDENTS WARN FINANCIAL PRESSURE COULD
LEAD TO PA COLLAPSE

Classified By: Consul General Jake Walles, per reasons 1.4 (b) and (d).

11. (C) SUMMARY: PLC moderates Hanan Ashrawi (Third Way) and Mustafa Barghouti (Independent Palestine) told NEA A/S Welch during separate meetings on February 25 that international financial pressure could lead to a collapse of the PA and a breakdown in security. Ashrawi and Barghouti urged the US to find ways to help meet the needs of the Palestinian people and support civil society. A/S Welch warned that anyone who participates in a HAMAS-led government would be tainted by their association with the movement. Ashrawi said she and fellow Third Way PLC member-elect Salam Fayyad planned to remain in the opposition. Barghouti did not rule out joining the government, but only as part of a grand coalition including Fatah. END SUMMARY

PA Could Collapse

12. (C) Ashrawi and Barghouti both appeared surprised by A/S Welch's description of the PA's dire financial straits and the pending curtailment of budgetary support to a HAMAS-led government. Ashrawi responded that the international community must calibrate financial pressure very carefully to avoid a complete collapse of the PA. Both leaders said a HAMAS failure to pay PA salaries could lead to a collapse of governmental authority. Ashrawi said such a scenario is in "nobody's interest" and predicted the resulting "multidimensional security problems" would not be limited to the West Bank and Gaza saying, "the most attractive target will be Israel." Ashrawi said the GOI decision not to transfer further clearance revenues undermines Abu Mazen and the Quartet's position that HAMAS should respect PA agreements with Israel since the GOI is obligated to hand Palestinian tax revenues over to the PA under the Paris Protocol.

13. (C) Ashrawi argued that worsening financial conditions could backfire and boost support for HAMAS saying, "When our people are under pressure, they don't react rationally." Barghouti struck a similar tone and argued that a collapse of the PA's already limited ability to deliver social services would only make more people dependent on HAMAS social organizations, thus increasing support for the movement.

US Should Support the
Palestinian People

14. (C) Ashrawi and Barghouti said the US should look for creative ways to continue support for the Palestinian people. Barghouti argued the US should redirect assistance towards

grassroots NGOs and civil society organizations saying, "You've given all your support to Fatah and the PA and gotten no results." Ashrawi said the US should give precedence to helping the needy and vulnerable population groups arguing increased desperation would only worsen the political situation. Both leaders cited UNRWA as a possible conduit for USG assistance to Palestinians.

Welch: Do Not Join the
HAMAS Government

¶5. (C) A/S Welch explained that the US and the international community would not work with anyone who participates in a HAMAS-led government that fails to meet the Quartet's requirements. He noted that isolation is the only way to force HAMAS to face the consequences of its support for terrorism and rejection of PA agreements. Ashrawi responded that she and Salam Fayyad planned to remain in the opposition and had made their position clear to the HAMAS leadership. Barghouti did not respond directly, but suggested he would join the government only if Fatah and others did as well. At the close of the meeting, Barghouti said he was interested in meeting with the Secretary when he visits the US in April. "Assuming, of course, I can still get a visa," Barghouti quipped.

¶6. (U) A/S Welch cleared this message.

WALLES